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## ANNUAL TREASURY REPORT.

In obedience to the acts entitled respectively, "An act to establish the treasury department," and "an act supplementary to the act entitled an act to establish the treasury department," the secretary of the treasury has the honor to lay before congress the following report, comprehending

I. A cursory review of the financial operations of the government, in reference to the recent state of war.

II. A view of the finances for 1815, with estimates of the public revenue and expenditures for 1816.

III. Propositions for the improvement and management of the revenue and for the support of public credit.

1. *A cursory review of the financial operations of the government, in reference to the recent state of war.*

In order to introduce to the consideration of congress, with advantage, the measures which will be respectfully suggested, for replacing the finances of the United States upon the basis of a peace establishment, a review of the financial operations of the government, in reference to the recent state of war, appears to be a necessary preliminary.

The restrictive system, which commenced in the year 1807, greatly diminished the produce of the public revenue, but it was not until the crisis involved an actual declaration of war, that the augmentation in the expences of the government became obvious and important. With the occasional aid of temporary loans, the ordinary receipt of the treasury had exceeded the ordinary expenditures, even during the period of a suspended commerce; \* and a report from this department, presenting the estimates for the year 1812, seems to have given the first intimation, that the portion of extraordinary expences to be incurred for the military and naval service, on account of the then existing state of the country, would raise the demands upon the treasury, to a considerable amount, beyond the estimated product of the current revenue.† The ordinary disbursements for the year ending on the 30th of September, 1811, were stated as amounting to the sum of 13,052,657 dollars. 73 cts; and the ordinary receipts for the same year were stated as amounting to the sum of 13,541,446 dollars. 37 cts. independent of a temporary loan (raised in 1810 and repaid in 1811) as well as of the balances in the treasury at the commencement and the close of the year. But the estimates for the year 1812, required on account of the current expenses, the sum of 9,400,000 dollars.

For the civil and diplomatic departments, 1,260,000

For the military department (including the militia, the Indian department, the charge of arsenals, and army, ordnance, &c.) 3,415,000

For the naval department, 2,500,000

And for the interest on the public debt, 2,225,000

9,400,000

And the subsisting revenue to meet these expenses was estimated at the sum of 8,200,000 dollars, proceeding,

From the customs 7,500,000

From the sales of public lands, 600,000

From miscellaneous payments 100,000

8,200,000

Leaving a deficit for which it was proposed to provide by a loan amounting to the sum of 1,200,000

Such were the limited objects of expense, and such the limited means of supply, at the commencement of the year in which war was declared. An increase of the expense, and a diminution of the supply must have been anticipated as the inevitable consequence of that event; but the government reposed with confidence, for all the requisite support, upon the untried resources of the nation, in credit, in capital, and in industry. The confidence was justly reposed; yet, it may, perhaps, be considered as a subject for regret, and it certainly furnishes a lesson of practical policy, that there existed no system, by which the internal resources of the country could be brought at once into action, when the resources of its external commerce became incompetent to answer the exigencies of the time. The existence of such a system would, probably, have invigorated the early movements of the war; might have preserved the public credit unimpaired, and would have rendered the pecuniary contributions of the people more equal, as well as more effective. But owing to the want of such a system, a sudden and almost an exclusive resort to the public credit, was necessarily adopted as the chief instrument of finance. The nature of the instrument employed was soon developed; and it was found that public credit could only be durably maintained upon the broad foundations of public revenue.

On the opening of the session of congress in November 1811, the legislative attention was devoted to the organization of the military and naval departments, upon the enlarged scale of a war establishment; so that the appropriations for this purpose, far exceeded, in a short time, the estimates and the resources of the treasury, as they have been already described. Ways and means were, therefore, provided to meet the extraordinary demands thus created; but they were derived exclusively from the operations of foreign commerce and of public credit.

1. The Mediterranean fund was at first continued until the 4th of March, 1813, and afterwards until March, 1815, (when it became extinct,) affording an additional duty of  $2\frac{1}{2}$  per cent. ad valorem, on all imported goods paying duties ad valorem, and a discriminating duty of ten per cent. upon that additional duty, in respect to all goods imported in vessels of the United States.\*

2. There were imposed an additional duty of 100 per cent. upon the permanent duties on goods imported into the United States from any foreign place

\*See the annexed table A, exhibiting a statement of the gross annual receipts and disbursements of the treasury from the year 1791, to the year 1814.

†See the annual report of the secretary of the treasury, dated the 22d of November, 1811.

a discriminating duty of ten per cent. upon that additional duty, in respect to all goods imported in vessels not of the United States; and an additional duty of 1 dollar 50 cents per ton (the previous duty being at the rate of 50 cents per ton) upon all vessels belonging wholly, or in part, to the subjects of foreign powers. But the continuance of the act being limited to the expiration of one year after the conclusion of the peace, these additional duties will cease on the 17th of February, 1816.\*

3. An authority was given to raise by loan, a sum not exceeding 11,000,000 of dollars, and to create stock for the amount bearing interest not exceeding the rate of six per cent. per annum, and reimbursable at any time after the expiration of 12 years from the 1st of January 1813. The payment of the interest, and the redemption or the purchase of this stock, are charged upon the sinking fund.†

4. And an authority was given to issue treasury notes for a sum not exceeding 5,000,000 of dollars bearing interest at the rate of 5 2/5 per cent. per annum, and reimbursable at such places respectively, as should be expressed on the face of the notes, one year after the day on which the same shall have been issued. The notes were declared to be receivable in payment of all duties and taxes laid by the United States, and all public lands sold by their authority; and the payment of the interest, and the redemption or the purchase of these notes, were charged like the funded debt, upon the sinking fund.‡

The effect of the additional ways and means provided by congress, from time to time, during the late war, may readily be traced. From the treasury report, dated the 1st of December 1812 it appears that the actual receipts into the treasury, during the year ending on the 30th of September 1812, including a portion of the loan, and of the issue of treasury notes, amounted to the sum of 16,782,159 dollars 40 cents (almost double the amount of the previous estimate) and that the actual disbursements, for the same year, amounted to the sum of 18,368,325 7-100 dollars (which was, also, almost double the amount of the previous estimate) independent of the balance in the treasury at the commencement and the close of the year.] But the estimates for the year 1813, required, on account of the accumulating expenditures, a sum of 31,925,000 dollars.

For the civil and diplomatic departments	1,500,000
For the military department	17,000,000
For the naval department	4,925,000
And for the interest and reimbursement of the principal of the public debt	8,500,000

31,925,000

And the subsisting revenue to meet these expenditures was estimated at the sum of 12,000,000 of dollars, proceeding From the customs 11,500,000 From the sale of public lands, &c. 500,000

12,000,000

leaving a deficit, for which it was proposed to provide, 1st, by the outstanding balances of the authorized loan and issue of treasury notes; and, 2d, by a new authority to borrow, and to issue treasury notes, to the amount of 19,925,000

During the sessions of congress, which commenced in November 1812, and closed on the 3d of March 1813, the appropriations for the army, the navy, and the other branches of the public service, were considerably augmented, but (without advertising to the imposition of a small duty upon imported

\*See the act of the 1st July, 1812—11 vol. 261.

†See the act of the 12th March, 1812—11 vol. 72.

‡See the act of the 30th June, 1812—11 vol. 255.

§See the annual report of the secretary of the treasury, dated the 1st of December, 1812.

iron ware.\* ) no new source of revenue was then opened; but additional aid was extended to the treasury, by authorising a repetition of the appeal to public credit.

1. An authority was given to raise by loan a sum not exceeding 16,000,000 of dollars, and to create stock for the amount, bearing interest not exceeding the rate of six per cent. per annum, and reimbursable at any time after the expiration of twelve years from the 1st of January 1814. The payment of the interest, and the redemption or purchase of this stock, are charged upon the sinking fund.†

2. And an authority was given to issue treasury notes for a sum not exceeding 5,000,000 of dollars absolutely; with a provisional authority to issue an additional sum of 5,000,000 of dollars, to be deemed and held to be a part of the loan of 16,000,000 of dollars, authorised as above stated, to be raised. The notes were to bear interest at the rate of 5 2/5 dollars per cent. per annum, to be reimbursable at such places respectively, as should be expressed on the face of them, one year after the day on which they should be issued; to be receivable in payment of all duties and taxes laid by the United States, and all the public lands sold by their authority; and the payment of the interest, and the redemption or purchase of these notes, were charged, like the funded debt, upon the sinking fund.‡

The necessities of the treasury becoming, however, more urgent, and the reliance on the public credit becoming more hazardous, congress determined, at a special session, which commenced in May 1813, to lay the foundation of a system of internal revenue; selecting, in particular, those subjects of taxation, which were recommended by the experience of a former period, and computing their general product at the sum of 5,000,000 of dollars.|| The continuance of these taxes being limited, at first, to one year after the termination of the war, they acquired the denomination of "the war taxes;" but, by subsequent laws, almost all the existing revenues are pledged, with the faith of the United States, to provide for the payment of the expences of government, for the punctual payment of the public debt, principal and interest, according to the contracts; and for creating an adequate sinking fund, gradually to reduce, and eventually to extinguish, the public debt; until those purposes shall be accomplished, or until congress shall provide and substitute by law, for the same purposes, other duties, which shall be equally productive. In the session of May 1813—

1. A direct tax of 3,000,000 of dollars was laid upon the United States, and apportioned to the states respectively for the year 1814; & it was afterwards subjected to the general pledge above stated.||

2. A duty of four cents per pound was laid upon all sugar refined within the United States. The continuance of the duty, was limited to one year after the war; and as the general pledge has not been applied to it, the duty will cease on the 17th day of February, 1816.¶

3. A duty was laid on all carriages for the conveyance of persons, kept by any person for his own

\*See the act of the 25th of February, 1813, (11th vol. 385.)

†See the act of the 8th of February, 1813, (11 vol. 367.)

‡See the act of the 25th of February, 1813, (11 vol. 377.)

||See the letter of the secretary of the treasury to the chairman of the committee of ways and means, dated Jan. 10, 1812, and the report of the acting-secretary of the treasury, dated 2d of June 1813.

¶See the acts of the 23d of July, and the 2d of August, 1813, and the 9th of January, 1815, (12 vol. 53, 135, 35.)

||See the act of 24th July, 1813, (12 vol. 33.)

use, or to be let out for hire, or for the conveyance of passengers; which was graduated according to the denomination of the carriage, from the yearly sum of twenty dollars to the yearly sum of two dollars. The continuance of this duty was originally limited to the war; but the general pledge has been applied to it, with some modification in the mode of laying and collecting the duty.\*

4. A duty was imposed on licenses to distillers of spirituous liquors, which was graduated according to the capacity of the still, the time of employing it, and the materials consumed. The continuance of this duty was originally limited to the war; but the general pledge has been applied to it, with considerable modifications in the principle and provisions of the law.†

5. A duty was laid on sales at auction of merchandise, and of ships and vessels, at the rate of one per cent. of the purchase money of goods, and of 25 cents for every hundred dollars of the purchase money of ships and vessels. The continuance of this duty was originally limited to the war; but the general pledge has been applied to it, with a considerable addition to the amount, and a modification of the provisions of the law.‡

6. A duty was laid on licenses to retailers of wines, spirituous liquors, and foreign merchandise, graduated according to the place of retailing, and the nature of the article retailed. The continuance of this duty was originally limited to the war; but the general pledge has been applied to it.||

7. A duty was laid on notes of banks and bankers; on bonds, obligations, or promissory notes, discounted by banks or bankers; and on foreign or inland bills of exchange above 50 dollars, and having one or more endorsers, graduated according to the nominal amount of the instrument. The continuance of this duty was limited to one year after the war; and as the general pledge has not been applied to it, the duty will cease on the 17th of February, 1816 §

But besides the direct tax and the internal duties, there were added to the resources of the treasury, during the sessions of May, 1813—

8. A duty of 20 cents per bushel upon all salt imported from any foreign place into the U. States; which being limited to the war, and not being included in the general pledge, will cease on the 17th of February, 1816.¶

9. And an authority to raise a loan not exceeding 7,500,000 dollars, and to create stock for the amount reimbursable at any time after the expiration of 12 years, from the 1st of January, 1814. The rate of interest was not limited by the law; but it was provided that no certificate of stock should be sold at a rate less than 88 per cent. or 88 dollars in money for 100 dollars in stock. The payment of the interest and the redemption or the purchase of this stock are charged upon the sinking fund.\*\*

The sources of revenue thus opened in 1813, could not, however, be expected to aid the treasury until 1814; and, accordingly, in the annual report from this department, dated the 8th of January, 1814, neither the direct tax, nor the internal du-

ties, will be found as an item of the actual receipts in the treasury during the year ending the 30th of September, 1813. The amount of those receipts was stated, in the proceeds of the customs, of the sales of public lands, &c. at 13,568,042 dollars 43 cents, and in the proceeds of loans and treasury notes at 23,976,912 dollars 50 cents, making together 39,907,607 dollars 62 cents; and the actual disbursements of the same period were stated at 32,928,855 dollars 19 cents, independent of the balances in the treasury, at the commencement and the close of the year.\* But the estimates for the year 1814 required a sum of 45,350,000 dollars.

For civil, diplomatic and miscellaneous expences 1,700,000

For the payment of interest on the old and new debt, and the installments of the principal of the old debt 12,200,000

For the military establishment 24,550,000

For the naval establishment 6,900,000

45,350,000

And the subsisting revenue to meet these expenditures was estimated at the sum of 14,370,000 dollars, proceeding from the customs and sales of public lands 6,600,000 From the internal duties and direct tax 3,500,000 From the balance of loans and treasury notes 4,270,000

14,370,000

Leaving a deficit for which it was proposed to provide 1st, by a part of the balance in the treasury; and, 2d, by loans and treasury notes, amounting to 30,980,000

For the deficit, thus approaching the sum of 31 millions of dollars, the only provision made during the session which commenced in December 1813, rested again upon the public credit.

1. An authority was given to issue treasury notes for a sum not exceeding five million of dollars, absolutely; with a provisional authority to issue an additional sum of five millions of dollars, to be deemed and held to be part of any loan which might be authorised during the session. The notes were to bear interest at the rate of 5 2 5 dollars per cent. per annum; to be reimbursed at such places respectively, as should be expressed on the face of them, one year after the day on which they should be issued; to be receivable in payment of all duties and taxes laid by the United States, and all public lands sold by their authority; and the payment of the interest, and the redemption, or purchase of these notes, were charged, like the funded debt, upon the sinking fund.†

2. And an authority was given to raise by a loan a sum not exceeding twenty-five millions of dollars; and to create stock for the amount, reimbursable after the expiration of twelve years from the last day of December, 1814. Neither the rate of the interest, nor the price of the stock was limited; and the payment of the interest, and the redemption, or purchase of the stock, are chargeable on the sinking fund.‡

The embarrassments of the treasury, after the adjournment of congress in the year 1814, became extreme. It appears that the disbursements during the first half of that year, had amounted to the sum of 19,693,781 dollars 27 cents.

For the civil, diplomatic and miscellaneous expences 1,444,062 60

For the military department 11,910,238

For the naval department 4,012,199 90

For the public debt 3,026,580 77

19,693,781 27

And the balance of the appropriations for the same objects of expenditure required during the other half of the same year was stated at the sum of 27,576,391 10

\*See the annual report of the acting secretary of the treasury, dated the 8th of Jan. 1814.

†See the act of the 4th of March, 1814, (12 vol. 276.)

‡See the act of the 24th of March, 1814, (12 vol.)

§See the annual report of the secretary of the treasury, dated Sept. 1814.

\*See the acts of 24th July, 1813, and 1st December 1814, (12 vol. 101, 12.)

†See the acts of the 24th July, 1813, and 24th December, 1814, (12 vol. 103, 18.)

‡See the acts of the 24th of July, 1813, and the 23d of December, 1814, (2 vol. 111, 26.)

§See the acts of the 2d of August, 1813, and the 23d of December, 1814, (12 vol. 184, 26.)

¶See the act of the 2d of Aug. 1813 (12 vol. 204.)

\*\*See the act of the 29th July, 1813, (12 vol. 127.)

††See the act of the 2d of August, 1813, (12 vol. 200.)

But the actual receipts into the treasury during the first half of the year 1814, had amounted to	
19,219,246 dollars 33 cents, proceeding	
From the customs	4,132,088 25
From the sale of public lands (including those in the Mississippi territory, the proceeds of which are payable to the state of Georgia)	5,10,065 68
From the internal duties and direct tax	2,189,272 40
From postage and incidental receipts	166,744
From loans	9,679,676
From treasury notes	2,462,000
	19,219,946 33

And it was estimated that there would be received from the same sources of revenue (including loans and treasury notes to the amount of 8,320,000 dollars) during the other half of the same year, the sum of 13,160,000

32,379,946 33

To this amount add the balance of the cash in the treasury on the 1st of July, 1814. 4,722,693 22

And the estimated aggregate of the funds to meet the demands on the treasury to the close of the year 1814 was the sum of 37,102,585 55

Leaving a deficit for the service of 1814, after absorbing all the cash of the treasury amounting to the sum of

10,167,586 91

To supply this deficit of 10,167,586 91 dollars; to provide an additional sum for the contingencies of the year; and to accelerate the fiscal measures which were essential to the prosecution of the war, in 1815, the interposition of the legislature was deemed indispensable. The plan of finance, which was predicated on the theory of defraying the extraordinary expenses of the war by successive loans, had already become inoperative. The product of the revenues had ceased to furnish an amount equal to the expenditure of the former peace establishment, with an addition of the interest upon the debt contracted on account of war. And the sudden suspension of specie payments at the principal banks established in the different states (however it may be excused or justified by the apparent necessity of the case) had exposed the government, as well as private citizens, to all the inconveniences of a variable currency, devoid alike of national authority and of national circulation. The treasury could no longer transfer its funds from place to place; and it became, of course, impracticable to maintain the accustomed punctuality in the payment of the public engagements.

Under these circumstances, the congress was convened by the special call of the president, in September 1814, when the citizens of every occupation and pursuit, seemed eager to second the legislative efforts to replenish an exhausted treasury, and to renovate the public credit. Commerce continued to contribute, perhaps, to the extent of its capacity. Agriculture, though suffering the want of a vent for some of its important staples, was every where prepared for the requisite exertion. Domestic manufactures, which had scarcely surmounted the first struggle for existence, yielded to the patriotic impulse. And the capital of individuals, in all its variety of form, offered a ready tribute to relieve the necessities of the country. Thus, during the session which commenced in September, 1814, and closed on the 3d of March, 1815,

1. The following internal duties were increased in their amount; the duties were rendered permanent; and the general pledge was applied to them:

1. The direct tax was raised to an annual sum of six millions of dollars; and it was extended to the district of Columbia.

2. The duty on carriages was raised, and the duty on the harness was added.

3. The duty on licences to distillers of spirituous liquors was

continued, and a duty on the spirits distilled was added.

4. The duties on sales at auction, and on licences to retail wines, spirituous liquors, and foreign merchandise were raised.

5. The rates of postage were raised 50 per cent.

2. The following new duties were permanently laid; and the general pledge was applied to them: But it was at the same time declared, that so long as the duties imposed on the articles of domestic manufacture should continue to be laid, the duties then payable on the like description of goods imported into the United States, should not be discontinued or diminished.

1. The Duties on various articles manufactured or made for sale within the United States or their territories; as specified in the annexed table marked B.

2. Duties on articles in use to wit—

On household furniture, the value of any one family, (with certain exceptions) exceeding 200 dollars in money, according to a scale graduated from 1 dollar on a value of 400 dollars, to 100 dollars on a value of 9000 dollars.

On every gold watch kept for use—2 dollars.

On every silver watch kept for use—1 dollar.

But besides establishing these sources of revenue (and others were contemplated at the period, when the treaty of Ghent was announced) congress sought to confer upon the treasury the means of anticipating the collection of the duties; of recovering the punctuality of its payments; and of inviting the co-operation of the monied institutions and monied men of the United States, in plans for restoring an uniform national currency. With these views various measures were sanctioned.

1. An authority was given to raise by loan a sum not exceeding 3,000,000 of dollars (particularly destined to provide for the expenditures of the last quarter of the year 1814) and to create stock for the amount, reimbursable at any time after the 31st of December, 1814. No limitation was prescribed as to the rate of interest, or the price of the stock, but it was declared, that in payment of subscriptions to this loan, or to loans authorised by any other act of congress, it should be lawful to receive treasury notes becoming due on or before the 1st of January, 1815, at their par value, together with the interest accrued.

The payment of the interest, and the redemption, or the purchase of the stock to be thus created, were charged upon the sinking fund, but the act contained these further assurances: 1st. That in addition to the annual sum of 8,000,000 of dollars heretofore appropriated to the sinking fund, adequate and permanent funds should be provided and appropriated, during the session of congress, for the payment of the interest, and the reimbursement of the principal of the stock; and, 2dly, That an adequate and permanent sinking fund, gradually to reduce, and eventually to extinguish the public debt, contracted during the war, should also be established during the same session of congress.

2. An authority was given to anticipate the collection and receipt of the duties on licenses to distillers of spirituous liquors, and on distilled spirits, by obtaining a loan upon the pledge of the duties, to an amount not exceeding six millions of dollars, and at a rate of interest not exceeding six per cent. per annum, and a similar authority was given to raise a like sum at the same rate, by the pledge of a direct tax.

3. An authority was given to issue treasury notes, for so much of the sums authorised to be borrowed under the acts of the 24th of March and the 15th of November, 1814, as had not been borrowed, or otherwise employed in the issue of treasury notes; provided that the whole amount should not exceed the sum of 7,500,000 dollars. And by the same

act an authority was also given to issue a further sum of 3,000,000 dollars, to supply a deficiency in the appropriations for the expences of the war department. The treasury notes issued under these authorities were in all respects similar to the prior issues of treasury notes, except that the payment of the interest, and the reimbursement of the principal were not, as heretofore, charged upon the sinking fund, but upon any money in the treasury not otherwise appropriated.

4. An authority was given to issue and re-issue treasury notes for a sum not exceeding 25,000,000 dollars, upon principles essentially different from the prior issues.

1. These treasury notes might be of any denomination. If they were of a denomination less than 100 dollars, they were to be payable to the beaver, to be transferable by delivery and to bear no interest. This denomination has acquired the designation of "small treasury notes." If they were of the denomination of 100 dollars or upwards, they might conform to the foregoing description; or they were to be payable to order, to be transferable by endorsement, and to bear interest at the rate of 5 2-5 per cent per annum. This denomination (of which only notes for 100 dollars, bearing interest have been issued) has acquired the designation of "treasury notes of the new emission."

2. The principal & interest of these treasury notes are not payable at any particular time; but the notes are every where receivable, in all payments to the United States.

3. The holders of "small treasury notes" may exchange them at pleasure, in sums not less than 100 dollars, for certificates of funded stock, bearing interest at 7 per cent. per annum from the first day of the calendar month next ensuing that in which the notes shall be presented to the treasury of the U. States, or to a commissioner of loans, for the purpose of exchange.

4. The holders of "treasury notes of the new emission" may exchange them at pleasure, in sums not less than 100 dollars, for certificates of funded stock, bearing interest at 6 per cent. per annum from the first day of the calendar month next ensuing that in which they shall be presented to the treasury of the United States, or a commissioner of loans.

5. The stock thus created by the exchange of treasury notes, of either denomination, is reimbursable at any time after the 31st of Dec. 1824, and it is charged upon such funds as had been, or should be, established by law, for the payment and reimbursement of the funded public debt, contracted since the declaration of war.

5. An authority was given to raise by loan a sum not exceeding 18,452,800 dollars, and to create stock for the amount, reimbursable at any time after the expiration of twelve years from the last day of December, 1815. Neither the rate of interest, nor the price of the stock, was limited; but it was declared that there might be received in payment of subscriptions to the loan, such treasury notes as were actually issued, before the passing of the act, and which were made by law a charge on the sinking fund. And the payment of the interest, and the reimbursement, or the purchase of the principal stock, are charged upon the sinking fund.

6. It was declared, that any holder of any treasury notes issued, or authorised to be issued, under any laws previously passed, might convert them into certificates of funded debt, bearing an interest of six per cent. per annum.

7. And it was declared, that it should be lawful for the secretary of the treasury to cause to be paid the interest upon the treasury notes, which have become due and remain unpaid, as well with respect to the time elapsed before they became due, as with respect to the time that shall elapse after they become due; and until funds shall be assigned for the payment of the said treasury notes, and notice thereof shall be given.

The progress of expenditure, and of revenue, for the entire period of the war, is thus developed; and independent of the balance of the appropriations for the year 1814, which is transferred to the accounts for the year 1815, the subject may be reduced to the following general abstract,

### The actual receipts of the Treasury.

In 1812 they amounted to the sum of 22,639,032 75  
 From revenue 9,801,132 76  
 From loans 10,002,400  
 From treasury notes 2,835,500

In 1813 they amounted to the sum of 40,524,844 95  
 From revenue 14,340,709 95  
 From loans 20,089,635  
 From treasury notes 6,094,500

In 1814 they amounted to the sum of 34,878,432 25  
 From revenue 11,500,606 25  
 From loans 15,080,546  
 From treasury notes 8,297,280

The aggregate amount of the receipts into the treasury for the three years of war being the sum of 98,042,309 96

### The actual disbursements of the treasury.

In 1812 they amounted to the sum of 22,270,121 15  
 For the civil, diplomatic and miscellaneous expenses of the government 1,791,360 31  
 For the military service (including the Indian department) 12,078,773 24  
 For the naval service 3,959,365 15  
 For the public debt 4,449,622 45

In 1813 they amounted to the sum of 39,190,520 36  
 For the civil, diplomatic and miscellaneous expenses of the government 1,833,308 80  
 For the military service (including the Indian department, &c.) 19,302,488 02  
 For the naval service 6,446,600 10  
 For the public debt 11,108,123 44

In 1814 they amounted to the sum of 38,547,915 62  
 For the civil, diplomatic and miscellaneous expenses of the government 2,337,897 13  
 For the military service (including the Indian department, &c.) 20,510,238  
 For the naval service 7,312,899 00  
 For the public debt 8,386,880 59

100,017,557 13

But as the receipts of the treasury for the year 1815 are derived principally from the war revenue and resources, and as its expenditures arise also principally from the arrearages of the war demands; it is proper to comprise them, as far as they are ascertained, in the following supplemental statement:

1. The gross receipts of the treasury for 1812, 1813 and 1814, amounted as above stated to the sum of 98,042,309 96  
 The receipts into the treasury for 1815, to the 30th Sept. last, cannot be precisely stated, as the accounts to that time are not yet actually made up; but they are estimated to have amounted to the sum of 39,372,000

From revenue 12,400,000  
 From loans 11,034,000  
 From treasury notes 15,938,000

The aggregate of the receipts of the treasury from the 1st of Jan. 1812, to the 30th Sept. 1815, being the sum of 137,414,309 96

2. The gross disbursements of the treasury for 1812, 1813 and 1814, amounted as above stated to the sum of 100,017,557 13

The disbursements of the treasury for 1815, to the 30th Sept. last amounted to the sum of 33,696,323 18

For the civil, diplomatic and miscellaneous expenses 2,537,000  
 For the military service, &c. 15,790,144 71  
 For the naval service, &c. 7,050,000 25  
 For the public debt 8,909,178 22

The aggregate of the disbursements of the treasury from the 1st Jan. 1812, to the 30th of Sept. 1815, being the sum of 133,703,880 31

It will be natural here to enquire into the general effects of the war upon the public debt of the U. States; and the annexed table marked C. exhibits a detailed statement of the unsatisfied amount on the 1st day of Jan. annually, from the year 1791 to the year 1815, both inclusive. The subject, however, may be placed distinctly, in the following point of view, upon estimates referring to the date of the 30th of Sept. 1815.

### Of the public debt.

1. The amount of the funded debt contracted before the war which remained unsatisfied on the 30th Sept. 1815, may be stated at the sum of 32,135,484 dollars 96 cents, to wit:

In old 6 per cent. stock, the nominal amount being 17,350,871 39  
 And the amount reimbursed being 13,467,587

Balance due on the 30th Sept. 1815, 3,783,384 39

2. In deferred 6 per cent. stock, the nominal amount being 9,358,320 85

And the amount reimbursed being 4,152,543 93

Balance due on the 30th Sept. 1815	5,235,776 42
3. In 3 per cent. stock	16,158,177 43
4. In exchanged 6 per cent. stock under the act of 1812	2,984,746 72
5. In 6 per cent. stock of 1795	80,000
6. In Louisiana 6 per cent. stock	10,923,500

Balance due on the 30th Sept. 1815, of the whole of the public debt contracted before the war

2. The amount of the funded debt contracted on account of the late war on the 30th of Sept. 1815, may be stated at the sum of 63,144,972 dollars 50 cents, to wit:

1. In 6 per cent. stock of 1812 (the 11,000,000 loan) authorised by the act of the 4th of March, 1812, obtained at par, and not reimbursable before the year 1825	7,860,500
2. In 6 per cent. stock of 1813 (the 18,000,000 loan) authorised by the act of the 8th of Feb. 1813, obtained at the rate of 88 dollars in cash for 100 dollars in stock, and not reimbursable before the year 1826	18,109,377 48
3. In 6 per cent. stock of 1813 (the 7,500,000 loan) authorised by the act of the 2d of August 1813, obtained at the rate of 88 dollars 25 cents in money for 100 dollars in stock, and not reimbursable before the year 1826	8,498,561 95
4. In 6 per cent. stock of 1814 (which arose from loans in parts of a sum of 25,000,000 of dollars, called the ten million loan and the six million loan) authorised by the act of the 24th of March, 1814, obtained at different rates, and no' reimbursable before 1827, to wit:	
12,290,889 90 at 80 per cent. stock	15,366,111 21
140,810 at 85 per cent.	165,658 82
43,222 22 at 90 3-4 per cent.	47,627 79
74,890 75 at 90 1-2 per cent.	82,420 72
12,551,511 87	15,661,818 54

5. In 6 per cent. stock of '815. the 12,000,000 loan authorised by the act of the 3d March. 1815, obtained at different rates, payable in treasury notes or in cash, and not reimbursable before 1827, to wit:

7,924,219 59 at 95 per cent. stock	8,341,283 77
1,047,816 30 at 96 1-2	1,085,851 08
32,978 49 at 97	33,998 44
275,000 at 98	280,612 24
4,000 at pac	4,000

9,745,745 53

In 7 percent. stock of 1815, created by funding treasury notes not bearing interest issued at par, and part upon an advance, under the act of the 24th of Feb. 1815, and not reimbursable until 1825 3,268,949

Estimated amount of the whole of the funded public debt in reference to the late war 63,144,972 50

3. The amount of the floating debt, contracted since the commencement of the late war, calculated to the 30th of Sept. 1815, may be stated at the sum of 17,355,101 dollars, to wit:

1. The aggregate of the treasury notes issued under the authority of the several acts of congress, passed prior to the act of the 20th Feb. 1815, amounted to the sum of 20,201,600 dollars, to wit:	
Payable in 1814, but unpaid	2,799,200
Payable in 1815,	7,847,280
Payable in 1816	2,772,720
Payable also in 1816 (issued under the special authority of the act of the 26th Dec. 1814)	8,318,400

21,737,600

Deduct the amount reimbursed in 1815 (at Philadelphia, Baltimore, Washington, Charleston and Savannah) 1,536,000

20,201,600

In this aggregate there has been subscribed in principal and interest to the loan of 1815, about the sum of 4,521,587

From which deducting an average estimate of near one years interest, about the sum of 216,587 6

4,305,000

There will remain for the amount of principal subscribed to the loan, about the sum of 4,315,000

And it is estimated that there has been paid on account of duties and taxes, to the collectors of the customs, the internal duties and the direct tax, about the sum of 1,200,000

5,515,000

Outstanding amount of treasury notes, bearing interest at 5 3-5 per cent. per ann. About the sum of 14,686,600

2. The aggregate of 'small treasury notes,' issued and re-issued under the act of the 24th Feb. 1815, amounts to about the sum of 4,142,850; Of this aggregate there has been funded for 7 per cent. stock included in the foregoing statement of the funded public debt, about the sum of 3,258,949; And there has been paid on account of duties and taxes, about the sum of 50,000; Outstanding 'small treasury notes,' about the sum of 823,901

3. The aggregate of the treasury notes of the new emission, issued under the act of 24th Feb. 1815, amounts to about the sum of 694,600

Leaving the amount of the floating public debt in treasury notes on the 1st Oct. 1815, about the sum of 16,205,101

But to this amount of the floating public debt in treasury notes, there must be added the following temporary loans, to wit:

1. A temporary loan made by the state bank of Boston in 1812, payable the 15th & 31st of Dec. 1814, but unpaid, 500,000

2. A temporary loan made by the Cumberland bank in 1812, payable the 15th of Nov. 1817, 50,000

3. A temporary loan made by the bank of the state of South Carolina in 1814, payable the 1st of Dec. 1815, 50,000

4. A temporary loan made by the Mechanics' bank of N. York in 1815, payable when demanded, 200,000

5. A temporary loan made by the state of N. York, payable in the year 1817, 350,000

1,150,000

Making the aggregate amount of the floating public debt about the sum of 17,355,000

#### RECAPITULATION.

1. The amount of the unsatisfied funded public debt contracted before the war, on the 30th Sep. 1815, was the sum of 39,135,484 50

2. The amount of the funded public debt, contracted in reference to the late war on the same day, the sum of 63,144,972 50

3. The amount of the floating public debt, contracted since the war, was, on the same day, the sum of 17,355,101

Total of the ascertained amount of the public debt, created since the war to the 30th of Sept. 1815, 80,600,073 50

Total amount of the national debt on the 30th of Sept. 1815 119,635,658 46

It is proper to remark, that the aggregate of the national debt, thus stated to the 30th of September 1815, is subject to considerable changes and additions. The floating debt in treasury notes is convertible, at the pleasure of the creditors, into funded debt: and independent of a direct application of the current revenue to discharge the treasury notes, as well as the temporary loans, there must be a great, though gradual reduction of the floating debt, by the payments made in treasury notes for duties, taxes, and public lands. There are, indeed, some claims known to exist for loans, supplies, and services, during the late war, which have not been liquidated, or are not embraced by existing appropriations; and, doubtless, there are other legal and equitable claims which have not yet been brought into view, in any form, at the accounting departments, but which may eventually receive the sanction of congress. It is not, however, within the scope of any estimate hitherto made, to state the probable addition to the funded debt, under all circumstances, at more than five millions of dollars, which would consequently place the aggregate of the funded debt created in consequence of the war at a sum not much exceeding seventy millions of dollars. But it may be important to recollect, that the war debt has not been entirely incurred for objects limited to the continuance of the war; and that the military and naval establishments in particular, have derived durable advantages from the expenditures of the treasury.

For the payment of the interest, and the reimbursement, or gradual extinguishment, of the na-

tional debt, the resources of the treasury are abundant; although the state of the circulating medium (which will be more particularly considered hereafter) has rendered it impracticable to obtain at all times, upon reasonable terms, the local currency of some of the places appointed for the discharge of the public engagements. These resources depend upon the sinking fund, connected with the faith of the United States, which is pledged to supply from the existing, or from other subjects of revenue, the deficiencies of that fund.

#### THE SINKING FUND.

The public debt amounted on the 1st of Jan. 1791, to the sum of \$75,463,476 52 cts. and it consisted Of the foreign debt, 12,812,821 92 Of the domestic debt, 62,650,654 60

75,463,476 52

The foreign debt experienced various changes in form and in amount. From 1792 to 1795, it rose above the amount stated for 1791; but from that period it was gradually reduced; and on the 1st of January 1801, it stood at the sum of 10,419,000 dollars. From the year 1801, however, the annual reduction was more rapid; and in the year 1810, the foreign debt became extinct.

The domestic debt has also experienced various changes in form and amount. It was originally stipulated that it should be subject to redemption by payments not exceeding in one year, on account both of principal and interest, the proportion of 8 dollars upon 100 dollars of the stock; and when the sinking fund was constituted and organized, provision was made for effecting the payments in that proportion, until the whole debt should be extinguished, by dividends payable on the last days of March, June and September, in each year, at the rate of 1½ per cent. and on the last day of December in each year, at the rate of 3½ per cent. upon the original capital. During the first period of about ten years, from 1791 until the first of January 1801, the amount of the domestic debt never fell below the sum which has been stated, and in 1801 it stood at about the sum of 72,619,050 dollars 80 cents. The augmentation created on account of the purchase of Louisiana (amounting to fifteen millions of dollars) raised the capital of the domestic debt in 1804, to the sum of 80,691,120 dollars 88 cents; but from that period there was a considerable annual diminution of the amount, until it was reduced, on the 30th of September, 1815, to the already specified sum of 39,135,484 dollars 96 cents.

The sinking fund, by whose operations these beneficial effects have been produced, may be regarded as coeval with the organization of the present government; but it has undergone many important modifications.

1. The early appropriations of the revenue were confined to the payment of the interest and instalments of the foreign debt; and to the payment of the interest of the domestic debt; but so early as the 4th of August 1790, the proceeds of the sales of the public lands in the western territory were permanently and exclusively appropriated and pledged towards sinking and discharging the debts for which the United States were then holden. The annexed table D will exhibit a statement of the quantity of the public lands, which have been annually sold, and of the proceeds of the sales, as far as can be now ascertained.

2. In the year 1792, however, commissioners were designated and authorised to purchase the public

debt, at its market price, not exceeding the par value; and the interest of the debt purchased, together with the surplus of certain other appropriations, was assigned for that purpose. When the annual amount of the fund thus created should be equal to two per cent. on the six per cent. stock, it was directed to be first applied to the redemption of that stock, according to the right reserved; and then to the purchase, at its market price, of any other public stock.

3. In the year 1795, "The sinking fund" was established by name; its resources were vested in the same commissioners; and its operations were subjected to their direction and management. The duty of the commissioners, independent of temporary objects, consisted in applying the sinking fund, 1st, to the payment of the six per cent. stock, at the stipulated rate of eight per cent per annum; 2d, to the payment of the deferred stock after the year 1801, according to the same stipulation, and 3d if any surplus remained, towards the further and final redemption of the public debt, of every denomination. For the accomplishment of these purposes, there were permanently appropriated and pledged, in addition to the other monies constituting the sinking fund, and the interest of the amount of the purchased or redeemed debt, 1st, a sufficient sum arising yearly, and every year from the duties on imports and tonnage, and the duty on domestic distilled spirits and stills, as might be rightfully paid of the principal of the six per cent. stock, commencing on the first of January 1796; and of the deferred stock, commencing on the first of January 1802. 2d, the dividends on the public shares in the bank of the United States, but the shares were sold in 1796 and 1802, under an authority given in 1795. 3d, the net proceeds of the sales of public lands in the western territory. 4th, monies received into the treasury on account of old debts. 5th, the surpluses of revenue, beyond the amount of the appropriations.

4. Such was the outline of the sinking fund, when on the 6th of April 1802, the internal duties were repealed and on the 29th of April 1802, a new and additional provision was made for the redemption of the public debt. Thus; an annual sum of 7,300,000 dollars, was permanently appropriated and vested in the commissioners of the sinking fund, to be produced, 1st, by the monies (other than the surpluses of revenue) which then constituted the fund, or should arise to it by virtue of any previous provisions; 2d, by the sums annually required to discharge the interest and charges of the public debt; and 3d, by so much of the duties on merchandise and tonnage, as would be necessary, together with the preceding resources, to complete the annual investment of 7,300,000 dollars. The act not only placed the reimbursement of the principal, but also, the payment on account of interest and charges, of the public debt, under the superintendance of the commissioners; making it their duty to cause the fund to be applied in payment, 1st, of such sums as by virtue of any acts they had previously been directed to pay; 2d, of such sums as may be annually wanted to discharge the interest and charges accruing on any other part of the then debt of the United States; 3d, of such sums as may be annually required to discharge any instalment of the principal of the then debt; and 4th, as to any surplus, to apply it towards the further and final redemption, by payment or purchase of the then debt. The act of the 10th of November 1803, hav-

ing create six per cent stock to the amount of \$11,250,000 dollars, in pursuance of the convention for the purchase of Louisiana, added an annual sum of 700,000 dollars to the sinking fund, to be paid out of the duties on merchandize and tonnage; and to be applied by the commissioners to the payment of the public debt, including the Louisiana stock in the manner above stated. It may be added, that the interest on the Louisiana stock is payable in Europe; but the principal is reimbursable at the treasury of the United States in four annual instalments commencing in 1808.

It is obvious that a sinking fund of eight million of dollars (independent of the general pledges in prior laws) was ample for the payment of the interest and the principal of a public debt, amounting only to the sum of eighty six million of dollars, extinguishing the six per cent stock in 1818, the deferred stock in 1824, and the Louisiana stock in 1822, as fast as the terms of the contracts, and the policy of the government, would permit. The general operation of the fund, indeed, has been slow; but it is proper, more particularly to add, that on the 1st of January 1815, there had been transferred to the credit of the commissioners, in the books of the treasury, an amount of public debt equal to the sum of \$3,873,463 dollars, 98 cents, of the following denominations, to wit:

1. *Foreign Debt.*

3 per cent. stock	8,200,000
4 1/2 per cent. stock	820,000
4 per cent. stock	3,180,000
12,300,000	

2. *Domestic Debt.*

6 per cent. stock	1,946,026 92
3 per cent. stock	698,555 41
Deferred 6 per cent. stock	1,005,179 83
8 per cent. stock	6,482,810
Exchanged 6 per cent. stock	6,294,051 12
Computed 6 per cent. stock	1,359,850 70
4 1/2 per cent. stock	176,000
5 1/2 per cent. stock	1,348,000
Navy 6 per cent. stock	711,700
Louisiana 6 per cent. stock	346,500
6 per cent. stock of 1812.	321,250
	21,673,163 98

But the charges upon the sinking fund have accumulated in consequence of the late war, to an amount which it has not the capacity to defray, while its operations in other respects, have been obstructed by the temporary failure of the revenue arising from duties on merchandize and tonnage, and the protracted embarrassments of the circulating medium. Thus,

1. The annual appropriation for the sinking fund amounts to \$8,000,000 of dollars, and consists at present,	33,873,463 98
1. Of the interest on such parts of the public debt as have been reimbursed or paid off (which, however, is self derived from the customs) estimated on the 30th of September, 1813, at the sum of	1,969,577 64
2. Of the net proceeds of the sales of the public lands, exclusive of lands sold in the Mississippi territory, which as yet belong to the state of Georgia, estimated annually at the sum of	800,000
3. Of the proceeds of duties on imports and tonnage, to complete the annual investments, estimated at the sum of	5,230,422 36
	3,000,000

2. The annual charge upon the sinking fund, estimated for 1815, will amount, probably to the sum of 14,524,200 dollars,	
On account of the interest and the installments of the old debt, the sum of	3,460,000
On the account of the interest of the new debt, computed on a capital of seventy millions of dollars, about the sum of	4,200,000
On account of the principal and interest of treasury notes, issued under the act of the 30th of June, 1812, the 25th of February, 1813, and the 4th of March, 1814 (after allowing for the amount reimbursed, subscribed to the loan, and paid for duties) about the sum of	6,864,200
	14,524,200

Deficit in the amount of the sinking fund, com-

pared with the charges upon it, estimated for 1816, 6,524,200.

From this view of the financial operations of the government, the secretary of the treasury, with every sentiment of deference and respect, presents the following general conclusions, for the consideration of congress:

1. That the existing revenue of the United States, arises, 1st, from duties on imported merchandize, and the tonnage of vessels; 2d, internal duties, including the direct tax upon lands, houses, and slaves; and 3d, the proceeds of the sales of public lands; but some of these duties and taxes are permanently imposed, and some are limited in their duration.

2. That the following duties or taxes are either partially, or wholly limited in their duration. 1st. The duties on merchandize and tonnage will be reduced one half on the 17th of February, 1816; except such as are imposed on goods of the like description with the articles of domestic manufacture, on which duties have been laid, and included in the general pledge. 2d, The new duty on salt; the duty on sugar refined within the United States, and the stamp duty on bank notes, promissory notes discounted; and on bills of exchange, are not included in the general pledge, and will wholly cease on the 17th of February, 1816.

3. That the following duties or taxes are not limited in their duration, and are included in the general pledge. 1st. The direct tax upon lands, houses, and slaves. 2d. The duties upon licences to distillers of spirituous liquors, and upon the liquors distilled. 3d. The duty upon licences to retailers of wines, spirituous liquors, and foreign merchandize. 4th. The duty upon sales at auction. 5th. The duty upon carriages and harness. 6th. The duties upon household furniture and watches. 7th. The duties on articles manufactured or made for sale within the United States. 8th. The rate of postage.

4. That the faith of the United States, and the revenue arising from the duties and taxes, which are not limited in their duration, are pledged for the punctual payment of the public debt, principal and interest, according to the terms of the contracts respectively; and for creating an adequate sinking fund, gradually to reduce and eventually to extinguish the debt. But this pledge will be satisfied by the substitution of other adequate duties or taxes; and the increase in the proceeds of the duties on merchandize and tonnage, subsequent to the pledge, affords an advantageous opportunity of making such substitution, in respect to the more inconvenient and burthensome portion of the internal duties.

5. That the establishment of a revenue system, which shall not be exclusively dependent upon the supplies of foreign commerce, appears, at this juncture, to claim particular attention.

*II. A view of the finances for 1815, with estimates of the public revenue and expences for 1816.*

At the close of the last session of congress, the demands upon the treasury were interesting in their nature, as well as great in their amount. Exclusively of the ordinary expences of the government, they consisted of demands for the payment of the army, preparatory to its reduction to the peace establishment, with other very heavy arrearages and disbursements on the war and navy departments; for the payment of the dividends on the funded debt, and of the arrearages as well as the accruing claims, on account of the treasury note

debt; and for the payment of the Louisiana dividends, with other considerable debts contracted in Europe, in consequence of the late war.

The efficiency of the means which were possessed for the liquidation of these demands, depended upon circumstances beyond the control of the government. The balance of the money in the treasury consisted of bank credits, lying chiefly in the southern and western section of the union. The revenue, proceeding from the provision made prior to the last session of congress was, comparatively, of small amount. The revenue, proceeding from the provision made during that session, could not be available for a great portion of the present year; and, in both instances, the revenue was payable in treasury notes, or it assumed the form of bank credits, at the respective places of collection. The only remaining resources for immediate use, were an additional issue of treasury notes, and a loan; but the successful employment of these resources was rendered, for some time, doubtful, by the peculiar situation of the credit and currency of the nation.

The suspension of specie payments, throughout the greater portion of the United States, and the consequent cessation of the interchange of bank notes and bank credits, between the institutions of the different states, had deprived the treasury of all the facilities of transferring its funds from place to place; and a proposition, which was made at an early period, to the principal banks of the commercial cities, on the line of the Atlantic, with a view, in some degree, to restore those facilities, could not be effected, for the want of a concurrence in the requisite number of banks. Hence it has happened (and the duration of the evil is without any positive limitation) that, however adequate the public revenue may be in its general product to discharge the public engagements, it becomes totally inadequate in the process of its application; since the possession of public funds, in one part, no longer affords the evidence of a fiscal capacity to discharge a public debt, in any other part of the union.

From the suspension of specie payments, and from various other causes, real or imaginary, differences in the rate of exchange arose between the several states, and even between the several districts in the same state, and the embarrassments of the treasury were more and more increased; since congress had not sanctioned any allowance on account of the rate of exchange, and the amount of the legislative appropriations was the same, wherever the legislative objects were to be effected. But the treasury notes partook of the inequalities of the exchange in the transactions of individuals, although the treasury could only issue them at their par value. The public stock, created in consideration of a loan, also partook of the inequalities of the exchange; altho' to the government, the value of the stock created, and the obligation of the debt to be discharged, were the same wherever the subscription to the loan might be made. Thus, notwithstanding the ample revenue provided, and permanently pledged, for the payment of the public creditor; and notwithstanding the auspicious influence of peace upon the resources of the nation; the market price of the treasury notes and of the public stock was every where far below its par, or true value, for a considerable period after the adjournment of congress; vibrating, however, with a change of place, from the rate of 75 to the rate of 90 per cent. Payments in bank paper were universally preferred, during that period, to payments in

the paper of the government; and it was a natural consequence, that wherever the treasury failed in procuring a local currency, it failed, also, in making a stipulated payment.

Under these extraordinary and perplexing circumstances, the great effort of the treasury was, 1st, to provide promptly and effectually for all urgent demands, at the proper place of payment, and to the requisite amount of funds. 2d, to overcome the difficulties of the circulating medium as far as it was practicable; so that no creditor should receive more, and no debtor pay less, in effective value, on the same account, than every other creditor, or every other debtor: and third, to avoid any unreasonable sacrifice of the public property; particularly when it must, also, be attended with a sacrifice of the public credit. It was not expected that this effort would every where produce the same satisfaction, and the same results; but the belief is entertained, that it has been successful in the attainment of its objects, to the extent of a just anticipation.

#### OF THE ISSUES OF TREASURY NOTES.

The treasury notes, which were issued under acts passed prior to the 24th of February 1813, were, for the most part, of a denomination too high, to serve as a current medium of exchange; and it was soon ascertained, that the small treasury notes, fundable at an interest of seven per cent. though of a convenient denomination for common use, would be converted into stock, almost as soon as they were issued. With respect to the first description, therefore, the issue has not been restrained; but, with respect to the second description, the issue has been generally limited to cases of peculiar urgency; such as the payment of the army, preparatory to its reduction; the payment of the dividends on the public debt, where the local currency could not be obtained; and the payment of an inconsiderable amount of miscellaneous claims, apparently entitled to distinction. The annexed table marked E. contains a statement of the amount of the small treasury notes, which had been issued on the 30th of Sept. 1815, from which it appears,

1. That there had been issued for the payment of the army, a sum of	1,465,069
2. That there had been issued for the payment of the public debt, the sum of	1,203,106
3. That there had been issued for sundry miscellaneous claims, the sum of	159,681
4. That there has been sold at an advance producing 32,107 64 for the purpose of raising funds to meet the general engagements of the treasury a sum of	1,365,000
	4,142,950

#### OF THE LOAN.

The act of the 3d of March 1815, authorized a loan, for a sum not exceeding 18,452,800, dollars; it was made lawful to accept in payment of subscriptions such treasury notes, as had been charged on the sinking fund; and a commission not exceeding one quarter of one per cent. was allowed, for selling the certificates of stock, or procuring subscriptions to the loan. Under this authority the annexed notice, marked F. dated the 10th of March, 1815, was published, opening a loan for the sum of 12,000,000 dollars, with a view, 1st, to absorb a portion of the treasury note debt; 2d, to obtain funds for paying the unsubscribed arrearages of that debt; and 3d, to aid the treasury with a supply of the local currencies of different places, in some proportion to the probable amount of the local demands.

The offers to subscribe to the loan prior to the 19th of April, 1815, placed (as it was proper to place) money and treasury notes upon the same footing;

but the offers varied essentially, in the terms and conditions that were annexed to them; and, in point of fact, no direct offer was made to subscribe at a higher rate than eighty-nine per cent. while some of the offers were made at a rate lower than seventy-five per cent. Upon this experiment, therefore, it was seen at once, that the new situation of the treasury required a new course of proceeding, and that neither the justice due to equal rights of the public creditors, nor a fair estimate of the value of the public property, nor an honorable regard for the public credit, would permit the loan to assume the shape and character of a scramble; subservient to the speculations which create what is called a market price, and shifting in every town and village of every state, according to the arbitrary variations of what is called the difference of exchange.

In this view of the subject, all the offers of subscription to the loan, made in the first instance, were declined; but it was declared, at the same time, that offers at the rate of 95 percent. would be accepted. The rate thus proposed, was adopted, upon a consideration of the value of the stock; of the equitable, as well as legal claim of the holders of treasury notes; and of the real condition of the public credit. The objects of the loan being (as already stated) to absorb a portion of the treasury note debt, and to acquire a sufficiency of local currency, for local purposes, the price of the stock at the treasury was, of course, independent of the daily up-and-down prices of the various stock markets in the union, and could only be affected by the progress towards the attainment of those objects. Thus, while the wants of the treasury were insufficiently supplied, offers to subscribe were freely accepted, and the parties were sometimes authorised and invited to increase the amount of their offers; but where local funds had so accumulated, as to approach the probable amount of the local demands, the price of the stock was raised at the treasury; and, where the accumulation was deemed adequate to the whole amount of the local demands, the loan was closed.

The policy of the course pursued at the treasury was soon demonstrated. Offers of subscription to the loan, at the rate of ninety-five per cent. payable in treasury notes, or in money, were presented to a large amount, soon after the rule of the treasury was declared; and the annexed table marked G. will exhibit the progressive and actual state of all the subscriptions to the 30th of September last.

In the District of Columbia, the money subscriptions (including the subscription of certain liquidated claims upon the treasury) were successively at 95, 96 1-2, 97, and 98 per cent. and finally at par. In the city of Baltimore, the money subscriptions have been at 95 and 96 1-2 per cent. In the city of Philadelphia, the money subscriptions have been entirely at 95 per cent. The price was raised at the treasury from ninety-five to ninety-eight per cent. on the 18th of June (subject, of course, to all unexecuted subscriptions previously accepted or authorised) and, since that time, considerable offers have been received at 95 and 96 per cent. but none have been received at the increased rate of 98 per cent. The subscriptions payable in treasury notes have been made in all places, at the same rate of 95 per cent. A general abstract of the state of the loan, may, therefore be reduced to the following form:

In the District of Columbia the subscriptions have amounted:

1. In money to the sum of	2,282,037 38
2. In treasury notes to the sum of	257,276 65
	2,539,314 03

In Baltimore, the subscriptions have amounted,	
1. In money to the sum of	1,994,818 50
2. In treasury notes to the sum of	608,661 90
	2,603,480 40
In Philadelphia, the subscriptions have amounted	
1. In money to the sum of	1,845,000
2. In treasury notes to the sum of	1,260,568 69
	3,105,568 69
In New-York, the subscriptions have amounted	
1. In money to the sum of	601 44
2. In treasury notes to the sum of	658,371 01
	658,973 05
In Rhode Island, the subscriptions have amounted	
in treasury notes, to the sum of	132,020 69
In Massachusetts, the subscriptions have amounted	
in treasury notes, to the sum of	97,301 32
In New-Hampshire, the subscriptions amounted,	
in treasury notes, to the sum of	52,386 20
In North-Carolina, the subscriptions amounted,	
in treasury notes, to the sum of	95,000

9,284,044 38

Having thus absorbed a portion of the treasury note debt, and deeming the treasury to be possessed of a sufficient supply of the local currency of the places at which the treasury notes, unsubscribed and in arrears, were payable by law, except in the cities of New-York and Boston, the secretary of the treasury proceeded to assign funds for the payment of the treasury notes, and to give notice thereof, in the form of the annexed copies, (marked respectively H and I,) in pursuance of the act of congress, passed on the 3d of March, 1815. As a sufficient supply of the local currencies of Boston and New-York had not been obtained, the overture was made in the same notice, to discharge the treasury notes payable in those cities and in arrears, by accepting them in subscriptions to the loan, at the rate of 95 per cent. by exchanging them for other treasury notes, in which the interest due should be included as principal; or by giving drafts for the amount upon any of the banks, in which the government possessed funds. This overture is still open to the consideration and acceptance of the holders of the treasury notes in question; and it has been accepted, in the shape of subscriptions to the loan, to a considerable extent. Since the 30th of Sept. these amount, including some subscriptions, the details of which have not yet been completed, to more than two millions of dollars.

*Of the transfer of balances of appropriations and of revenue from 1814 to 1815.*

In the administration of the finances, it has been the practice to consider the demands and supplies of each year, as distinct subjects for legislative provision, independent of the balances of appropriations, or of revenue, existing at the close of the preceding years. The same course will now be pursued, but with a few explanatory remarks. The annual appropriations have never been entirely absorbed, during the year for which they were made; and the credit given, by law, for payments in every branch of the revenue, necessarily introduces a discrimination between the amount of duties which accrues within the year, as a debt to the government; and the amount which is paid, within the year, as money into the treasury. The annual appropriations, however, are not charged upon the revenue of the year, specifically, in which they are made; and, in point of fact, they are satisfied whenever demanded out of any unappropriated money in the treasury; without reference to the time, when the revenue accrued, or when the money was actually received at the treasury.

The inconvenience of continuing appropriations in force, which were liable to be drawn from the treasury during an indefinite period, induced congress to enact in the year 1795, that any appropria-

tions (except permanent appropriations for the interest of the funded debt; or appropriations for the payment of loans, and the accruing interest; for the sinking fund; and for purposes, which specially require by law a longer duration) remaining unexpended for more than two years after the expiration of the calendar year in which the act of appropriation was passed, should cease and determine; and that the unexpended sum should be carried to an account on the books of the treasury, to be denominated "the surplus fund." By the operation of this provision, no ordinary appropriation can now survive the specified period of two years; and notwithstanding the formal designation of a particular account, in which the entry shall be made, the sum disengaged by the determination of each appropriation, becomes again an undistinguishable part of the public treasure, which is subject to the future dispositions of the legislature.

With these remarks, it will be useful, for the purposes of general information, to exhibit the gross amount of the balances of appropriations for the year 1814 transferred to the year 1815, without entering into a comparative detail of the appropriations, and of the revenues, during the particular year, in which the appropriations were made by law. Thus,

The gross amount of appropriations for 1814, including the aggregate of the balances of appropriations for the year 1813, amounted to the sum of 55,978,464 20. Of this there was paid on or before the 31st of Dec. 1814, the sum of 33,028,230 32. And on the first of Jan. 1815, there was carried to the surplus fund the sum of 592,309 99. — 38,620,540 31.

Leaving as a general balance of the appropriations of 1814, payable at the treasury in 1815, the sum of 17,357,923 89.

*Of the demand on the treasury for 1815.*

The demands authorised by acts of appropriation during the year 1815 (exclusive of certain indefinite appropriations, the amount of which is not yet ascertained) were the following:

For civil, diplomatic and miscellaneous expenses, besides the unascertained product of fines, penalties, and forfeitures, assigned to pay the charges of courts, the sum of 3,080,656 22.

For military expenses, including those of the Indian department, and the permanent appropriation of 200,000 dollars for arming and equipping the militia, the sum of 5,618,790 41.

The naval expenses, including the annual appropriation of 200,000 dollars for the purchase of timber, 5,233,022. — 13,932,463 06.

For the public debt, to wit, the interest on the debt contracted before the war, 1,900,000.

The interest on the debt contracted since the war (including the loan of 1815, and excluding the interest on treasury notes) 3,560,000.

The interest of 5 2-5 per cent. per annum, upon treasury notes, outstanding on the 1st of Jan. 1815, including notes due in 1814, and not paid, (the principal being then 10,640,480) the sum of 675,000.

The annual reimbursement of the principal of the old 6 per cent. and deferred stocks, the sum of 1,500,000.

The principal of treasury notes payable in 1814, and the 1st Jan. 1815, but not then paid, the sum of 2,799,200.

The principal of treasury notes payable in 1815, and the 1st of Jan. 1816, the sum of 7,847,230.

The principal of temporary loans payable in 1814, but not then paid 500,000. — 18,771,480.

The amount of appropriations and demands for the public debt for 1815 being the sum of 32,703,948 63.

The total amount, therefore, demandable at the treasury during the year 1815, was 50,061,871 95.

Consisting of appropriations made prior to that year, and unsatisfied at its commencement, amounting to 17,357,923 89.

And of appropriations and demands on account of the public debt, made and arising during the year 1815, amounting to 32,703,948 63. — 50,061,871 95.

*Of the ways and means of the treasury for the year 1815.*

These may be considered in a two-fold aspect: 1. as to the ways and means placed by the laws within the power of the treasury; and 2. the amount capable of being realized, or made actually available by the treasury during the year.

Under the first view, the ways and means consisted,

1. Of the cash in the treasury at the commencement of the year, which amounted to 1,526,998 63.
2. Of the outstanding revenue, which accrued prior to the year 1815, and remained unpaid at its commencement, estimated, exclusive of the sums due for public lands, at about 4,500,000.
3. Of the revenue accruing in the year 1815, estimated at 38,850,000 dollars, via.

Customs 25,000,000  
Direct tax, net product 5,400,000  
Internal duties, do. 7,000,000  
Public lands 1,000,000  
Postage and incidental receipts 450,000

— 38,850,000

4. Of the unexercised authority to borrow money, and to issue treasury notes, conferred by acts of congress, passed prior to the year 1815, viz.

The loan act of March 14, 1812 705,300  
Do. of March 24, 1814 7,552,119  
Do. of Nov. 15, 1814 3,000,000

— 12,827,419  
Treasury note act of March 4, 1814 2,772,720  
Do. of Dec. 26, 1814, estimated at 8,500,000

— 11,372,720

5. Of the authority to borrow money and to issue treasury notes, conferred by acts of congress, passed in the year 1815, viz.

The loan act of March 3, 1815 18,452,800  
Do. for Feb. 13, 1815, for (public buildings in Washington) 500,000

Treasury note act of Feb. 24, 1815 (exclusive of the re-issues authorised by this act.) 25,000,000

— 43,952,800

112,629,937 63

This great apparent surplus of ways and means within the power of the treasury, arose in part, from the great increase in the amount of the customs, accruing in the year 1815; which instead of 4,000,000, the amount estimated prior to the peace, will probably in consequence of that event, amount to the sum of 25,000,000 as here stated. A great portion also of the sums authorised to be borrowed, or raised, upon treasury notes, it was evident, could not be obtained or raised within the year; and the several successive acts, by which the authority was given, although they were nominally accumulative, were actually the results of attempts to vary or modify this authority in such a way as to render it more easy or more effectual in its execution.

The second view of the ways and means for the year 1815, exhibits the amount actually authorised and received into the treasury during that year. As the year is not yet terminated, this can only be given by way of estimate: the result will probably not differ materially from the following:

1. Cash in the treasury at the commencement of the year 1,526,998 63.

2. Receipts from revenue, including that which was outstanding at the commencement of the year, viz.

Customs 8,000,000  
Direct tax 2,200,000  
Internal duties 4,700,000  
Public lands 1,000,000  
Postage and incidental receipts 450,000

— 16,350,000

3. Receipts from loans and treasury notes:

Loans, under the act of March 14, 1812 50,000

Do. do. Nov. 15, 1814 950,000

Do. do. March 3, 1815 9,384,044 38

Do. do. temporary loan 650,000

— 9,934,044 38

Under act of Feb. 1815 100,000

Amount actually borrowed to the 30th

Sept. 1815, per statements annexed  
(marked G and K) 11,034,044 38  
Amount estimated to be borrowed  
from the 1st Oct. to 31st Dec. 1815, 3,000,000

*Treasury Notes.*  
Amount issued prior to the 1st Oct.  
1815:

Under the act of March 4,  
1814 2,772,720  
Do. do. Dec. 26, 1814 8,318,400  
Do. do. Feb. 24, 1815 694,600

Per statement annexed [L] 11,785,720  
Small treasury notes, not  
bearing interest, under the  
act of Feb. 24, 1815, a-  
mount issued and re-issued  
per statement marked E. 4,152,830

Amount estimated to be is-  
sued and re-issued from  
Oct. 1 to Dec. 31, 1815 1,000,000

16,938,570

20,972,614 38

Making the total amount estimated to be actually  
received into the treasury during the year 1815 45,849,613 01

The application of the monies actually received into the  
treasury, in the year 1815, will be as follows: to the 30th of Sept.  
the payments have amounted to the following sums nearly—the  
secounts not being yet made up, the precise amount cannot be  
given:

For civil, diplomatic and miscellaneous expenses 2,537,000  
Military service 15,390,144 71  
Naval service 7,052,060 25

Public debt (exclusive of the sum of 300,000 dollars  
repaid by the commissioners of loans for Georgia) 8,009,178 22

33,686,323 18

During the fourth quarter of the year, the payments  
are estimated to amount to the following sums viz.

For civil, diplomatic and miscellaneous  
expenses 500,000  
Naval service 1,500,000  
Public debt, to the 1st Jan. 1816, inclusive 3,000,000

5,000,000

As the receipts into the treasury during the year  
have been estimated at 48,849,613 01

The sum left in the treasury at the end of the  
year will be 10,163,289 83

And will consist principally of treasury notes, paid on ac-  
count of the revenue and loans.

*Of the estimate of the public revenue and expen-  
ditures for 1816.*

In the consideration of this subject it is proper to premise,  
that the revenue of 1816 must be charged with the payment of  
a considerable amount of the unliquidated debts incurred during  
the war; and consequently, that the proportions of revenue and  
expenditure for that year, cannot be reduced by the scale of a  
peace establishment. The arrearsages in the war and navy de-  
partments, and generally the outstanding balance of the floating  
public debt, including treasury notes and temporary loans, must  
be satisfied, before a permanent and uniform arrangement of  
the finances can be effected; but it is believed that the period of  
a single year will be sufficient for that purpose.

It is, also, proper to premise, that although the estimates of  
the demands on the treasury for 1816 may be satisfactorily made,  
there is no settled ground on which estimates of the ways and  
means can be confidently formed. The entire system of the ex-  
ternal and internal taxation must necessarily be revised, during  
the present session of congress; and the sources as well as the  
product of the public revenue, can only be ascertained from the  
result of the legislative deliberations. In order, however, to  
obviate this difficulty, as far as it is practicable, distinct state-  
ments will be presented for 1816; 1st, of the probable demands  
on the treasury; 2ndly, of the revenue estimated according to  
laws now in force; and thirdly, of the revenue estimated accord-  
ing to the modifications, which will be respectfully submitted.

*1. Of the probable demands on the Treasury.*

The amount of the civil, diplomatic and miscellaneous  
expenses is estimated at the sum of 1,800,000

The amount of the military expenses is estimated at  
the sum of 14,549,246

For the military establishment of 1816 5,112,159

For the arrears of 1815, beyond the a-  
mount of the appropriations 9,437,087

14,549,246

The amount of the naval expenses (supposing them  
to be reduced on the peace establishment to one  
half of the amount appropriated for 1815, and ad-  
ding the annual appropriation of 200,000 dollars  
for the purchase of timber) is estimated at the sum of  
2,716,510

The amount of the payments required on account of  
the public debt, is estimated at the sum of 23,618,513

For the interest and annual reimbursement  
of the principal of the funded debt, prior  
to the war 3,460,000

For the interest on the funded debt created  
since the war, estimated on a capital of  
70,000,000 of dollars 4,200,000

For the balance of principal and interest on  
treasury notes of every denomination,  
now due or payable in 1815 and 1816, or  
estimated to be paid in those years by  
being received for duties and taxes, as set  
forth in the annexed table, marked L 15,458,513

For the amount of temporary loans, due to  
the state bank of Boston [500,000 dollars]  
and the Mechanics' bank of New-York  
[200,000 dollars.] 700,000

23,618,513

42,884,269

From this aggregate of the demands for 1816, the charges of a  
temporary nature being deducted, to wit:

Deduct the amount of the arreages for the  
military service of 1815 9,437,087

And the amount of floating debt to be liqui-  
dated in 1816 16,158,513

25,595,600

There will remain, as the probable annual  
expenditure of the peace establishment, in-  
dependent of any addition to the sinking  
fund, the sum of 17,288,669

*2. Of the revenue for 1816 estimated according to  
the laws now in force.*

By the laws now in force, the revenue arising from customs,  
during the year 1816, will be affected in the following manner:  
the present rates of duties continue until the 13th of February,  
1816, when the duty on salt imported will cease, and the rates  
of duties on merchandise of every description, imported in Amer-  
ican vessels will fall to one half of the existing amount,  
with the exception of certain manufactured articles, being of  
the same kinds as the manufactured articles on which internal  
duties have been imposed; the duties on the imported articles  
continuing at the existing rates, so long as the existing internal  
duties shall be continued upon the corresponding articles of do-  
mestic manufacture. On the 13th of February the extra duty  
on merchandise imported in foreign vessels, which is now 15 1/2  
per cent, on the amount of the duty in American vessels, will  
fall to 10 per cent on that amount, and the tonnage duty on for-  
eign vessels, which is now two dollars per ton, will fall to fifty  
cents per ton. The extra duty is also liable to be affected by  
the operation of the act abolishing all discriminating duties  
upon a basis of national reciprocity. By the laws now in force,  
the revenue arising from internal duties will be effected in the  
following manner: The duties on bank notes, on notes dis-  
counted by banks, and bills of exchange, (commonly called the  
stamp duties,) and the duty on refined sugar, will cease on the  
13th day of February, 1816. All the other internal duties, to-  
gether with the direct tax and the increased rates of postage,  
will continue.

Under these circumstances, the revenue which will accrue to  
the U. S. during the year 1816, is estimated as follows:

From customs	13,000,000
Internal duties	7,000,000
Direct tax, not produce to the treasury,	5,500,000
Sales of public lands	1,000,000
Postage and incidental receipts	400,000

27,000,000

The sums actually receivable into the treasury during the  
year, are estimated as follows:

From customs,	20,000,000
Internal duties,	6,500,000
Direct tax, including the arrears of 1815	8,500,000
Sales of public lands	1,000,000
Postage and incidental receipts	400,000

27,000,000

If to this be added the probable amount of money in  
the treasury at the commencement of the year 1816  
which may be estimated, exclusively of treasury  
notes paid in previously to that time, on account of  
revenue and of loans, at the sum of

3,484,269

The effective ways and means of 1816 will produce in  
the whole the sum of

39,400,000

But as the demands upon the treasury for the same  
year will amount, as above stated, to

42,884,269

There will be left a deficit, to be supplied by means  
other than the revenue of the sum of

3,484,269

*3. Of the revenue for 1816, estimated according to the  
modifications, which will be respectfully submitted.*

From the review of the financial measures of the  
government, in reference to the recent state of war,  
which constitutes the first part of the present re-  
port, it appears that the almost entire failure of the

customs, or duties on importations, and the increasing necessities of the treasury, rendered it necessary to seek for pecuniary supplies, in a system of internal duties; but both in respect to the subjects of taxation, and to the amount of the several taxes, the return of peace has always been contemplated, as a period for revision and relief. In the fulfilment of that policy, a reduction of the direct tax, a discontinuance of taxes, which, upon trial, have proved unproductive, as well as inconvenient; and, above all, the exoneration of domestic manufactures from every charge that can obstruct or retard their progress, seem to be the objects that particularly invite the legislative attention. There will still remain, however, a sufficient scope for the operation of a permanent system of internal duties, upon those principles of national policy, which have already been respectfully suggested. As an equivalent for the diminution of the revenue by the contemplated abolition or reduction of some of the duties and taxes; and in observance of the public faith, which is pledged in the case of such abolition or reduction, to provide and substitute other duties and taxes equally productive; it is intended respectfully to recommend a continuance of the duty on imported salt and a competent addition to the permanent rates of the duties on merchandize imported. In the general tariff, which has been directed by a resolution of the house of representatives to be prepared, and which will be submitted to congress, as soon as the materials for forming it can be digested and arranged, the subject will be more distinctly as well as more satisfactory presented, but, as it is not probable, that this measure can be matured, so as to go into operation on the 18th February next, it becomes necessary to suggest the expediency of continuing the present rates of duties until the 30th of June; when the new rates, with all the necessary details to give effect to that system, may be introduced, and sufficient notice be given to the merchants, to regulate their commercial operations accordingly.

In relation, then, to the internal duties, it is intended respectfully to recommend, that the duties imposed at the last session of congress on various articles manufactured within the U. States shall be abolished on the 18th day of April next, which will complete the year commencing from the time the duties went into operation; that the duty imposed during last session of congress on spirits distilled within the United States, shall be abolished on the 30th of June next; but that at the same time there be added one hundred per cent. on the rate of the duty which had been charged on licenses to distillers of spirituous liquors in the year 1813; that the duty on household furniture, and on gold and silver watches, be abolished on the 31st day of March next; that the additional duty imposed during the last session of congress on licenses to retail wines, spirituous liquors and foreign merchandize, be abolished on the 31st day of December, 1816; and the duties on refined sugar and stamp duties, be continued. And finally, in relation to the direct tax, it is intended respectfully to recommend, that on the 31st day of March next it be reduced to one-half its present amount, that is, to annual the amount to three millions of dollars.

The subtraction from the revenue by these charges and reductions in the direct tax and the internal duties, is estimated at the annual sum of 7,000,000 of dollars. But the substitutes for supplying the equivalent amount, are estimated to produce; 1st, from the increase of the duty on licenses to distil-

lers and continuance of the stamp duties and duties on refined sugar, the annual sum of 1,500,000 dollars; 2d, from the continuance of the duty on imported salt, the annual sum of 500,000 dollars; and 3rdly, from an increase upon the permanent rates of duties on the importation of foreign merchandize, the annual sum of 5,000,000 of dollars.

The full effect of the alterations which have been stated, will not be developed until some time after the year 1816; but if they be adopted, the state of the revenue for that year in the two views of which it is susceptible; 1st, of revenue accruing during the year; and 2d, of money receivable into the treasury during the year, may be estimated as follows:

1. The revenue which will accrue in 1816, may be estimated, From customs

Internal duties	17,000,000
Direct tax—not product of the treasury,	4,500,000
Sale of public lands	2,700,000
Postage and incidental receipts	1,000,000
	400,000
	25,600,000

2. The money which will be actually receivable into the treasury, from the revenues, in 1815, may be estimated, From customs

Internal duties	21,000,000
Direct tax, including arrears of 1815,	5,000,000
Sale of public lands	6,000,000
Postage and incidental receipts	1,000,000
	400,000
	33,400,000

If to the sum, thus estimated to be receivable in the treasury from the revenue during the year 1816 There be added, the money which will probably be in the treasury at the beginning of the year

	3,000,000
	33,400,000

The aggregate will be the sum of And the demands being estimated as above, at

	36,400,000
	42,834,269
	6,434,269

There will be left a deficit of

It is here, however, to be recollect, that the estimate of the demands on the treasury comprehends the gross amount of the arrearages of the war department, and a provision for the whole of the floating public debt; and although for the purposes of legislative appropriation, the aggregate of the expenditures to be authorised for the year 1816, is necessarily made the basis of the official estimates, yet the uniform experience of the treasury evinces, that the demands for a considerable portion of the annual appropriation will not be made during the year.

It may also be observed, that to raise a revenue by the imposition, or even by the continuance of taxes adequate to the immediate discharge of every unliquidated demand upon the treasury at the close of an expensive war, seems hardly to be necessary, under the present circumstances of the country. The product of the revenue arranged in the manner which has been stated, may be estimated, after the year 1816, at an annual amount of nearly four millions greater than the sum required for the interest on the public debt, and for the probable expenses of the peace establishment. If the public debt, therefore, were increased in the year 1816, by a sum equal to the whole amount of the deficit as above stated, an equivalent reduction could be effected in less than two years. The unexecuted authority to borrow money and issue treasury notes, already provided by the acts of congress, is sufficient to enable the treasury to meet the deficit in either of these modes, and, consequently, no further legislative aid, (except perhaps in the modification of the issues of treasury notes,) appears at this time to be required.

III. *Propositions for the improvement and management of the revenue, and for the support of public credit.*  
The propositions which are now to be respect-

fully submitted, relate, 1st, to the revenue; 2d, to the sinking fund; and 3d, to the national circulating medium.

1. *Proposition relating to revenue.*

The changes contemplated in the revenue on the estimate of the peace establishment, having been already stated as the intended objects of recommendation, it is now only necessary to submit to the consideration of congress, the measures requiring their sanction for carrying the plan into effect.

*First.* It is respectfully proposed, that the act of the 1st July, 1812, imposing an additional duty of 100 per cent. upon the permanent duties on goods, wares and merchandise, imported into the United States from any foreign port or place, and the act of the 29th July, 1813, imposing a duty upon imported salt, be continued in force until the 30th day of June, 1816.

*Second.* It is respectfully proposed, that the act of the 24th of July, 1813, imposing a duty on sugar refined within the United States, and the act of the 2d of August, 1813, imposing a duty on bank notes, notes discounted, and bills of exchange, be continued by law, in force without limitation, but with proper amendments, to render the collection of the duties more equal and more certain: And that the act of the 16th of December, 1814, imposing duties on ear-rings and the harness therefore, and that so much of the act of the 23d of Dec. 1813, as relates to the duties on sales at auction, and to the increasing of the rates of postage, be allowed to remain in force.

*Third.* It is respectfully proposed, that there be a reduction or modification in the following taxes and duties:

1. That the direct tax be reduced from six millions to three millions of dollars, for the year 1816, and for each succeeding year.
2. That the duties on distilled spirits be discontinued after the 30th day of June, 1816; and that the duty on licenses to distillers be raised on that day to double the amount fixed by the act of the 24th of July, 1813.
3. That the duties on license to retailers of wines, spirituous liquors, and foreign merchandise, be reduced to the rates of the year 1813, with proper regard to the periods when licenses commence and expire.

*Fourth.* It is respectfully proposed, that the act of the 18th of January, 1815, and the act of the 27th of February, 1815, imposing duties on various articles manufactured or made for sale within the United States, and the act of the 18th January, 1815, imposing duties on household furniture and watches, be absolutely and entirely repealed.

*Fifth.* It is respectfully proposed, that the act of the 3d of March, 1815, further to provide for the collection of the duties on imports and tonnage; and the act of the 3d of March, 1815, to fix the compensation and increase the responsibility of the collectors of the direct tax and internal duties, and for other purposes connected with the collection thereof; and as far as relates to the compensation of the collectors of the direct tax and internal duties, be continued in force without limitation.

2. *Proposition relating to the sinking fund.*

The sinking fund, as it is at present constituted, amounts to the annual sum of \$8,000,000. It is charged in the first instance with the payment of the interest and the annual reimbursement of the principal of the old funded debt, which will require, for 1816 and each of the two ensuing years, the sum of \$3,460,000. And it is charged with the payment of the interest and the eventual reimbursement of the principal of the new funded debt. The interest computed on a capital of 70,000,000 of dollars, will require for the year 1816, and each subsequent year, the sum of \$4,200,000.

The total present charge on the sinking fund, on account of the funded debt, being the annual sum of \$7,560,000.

In the year 1818 the fund will be released from the annual charge of 1,380,000 dollars, accruing upon the old six per cent. stock, as the stock will be then paid and extinguished; but in the same year it will be subjected to a charge of 3,000,000 dollars, for the first instalment of the principal of the Louisiana stock, which will then become payable. In each of the two succeeding years a similar sum will be payable; and in the year 1821 such sum will be payable as may be necessary to complete the reimbursement of that stock, and which is estimated at 1,923,500.

The sinking fund is also, at present, charged with the payment of the principal and interest of the treasury notes issued under the act of the 4th of March, 1814, and prior acts, and of certain temporary loans obtained under the loan acts of 1812, and of subsequent years. The several acts charging these payments on the sinking fund have directed that such sums, in addition to the annual

appropriation of 8,000,000, should be taken from any funds in the treasury not otherwise appropriated, as should be necessary to meet and satisfy the demands. The temporary loans and treasury notes will therefore probably be paid or absorbed in 1817; and it is deemed unnecessary, for the present purpose, to include them in the consideration of the form and extent which it is proposed to give to the sinking fund in that year.

In 1803, when the sinking fund was established on its present footing, the principal of the public debt was about 86,000,000 of dollars, and the interest annually payable upon it, about 4,500,000. At that time there was assigned to the sinking fund out of the public revenue, 8,000,000 of dollars; of which about 3,500,000 dollars were annually applicable to the reduction of the principal of 86,000,000 of dollars. At the commencement of the year 1817, it is estimated that the principal of the funded debt will amount to 110,000,000 of dollars, requiring the sum of 6,150,000 dollars for the payment of its annual interest. If a sum applicable to the reduction of the principal of the debt, were now to be assigned, bearing the same proportion to that principal which the sum assigned in 1814 then bore in the principal, it would amount to about 4,350,000 dollars. When it is added, therefore, to the sum of 6,150,000 dollars which is necessary for the payment of the interest, there would be required for the amount now to be set apart to constitute the sinking fund, the sum of 10,500,000 dollars per annum. It is proposed, however, to carry the amount only to the sum of 10,000,000 of dollars, which will allow about 3,850,000 dollars, as applicable to the reduction of the principal of the debt; a sum sufficient if strictly and regularly applied without interruption, upon a compound principle, to pay off the whole of the funded debt in a period less than eighteen years.

Upon these grounds, then, the secretary of the treasury respectfully submits the following

**PROPOSITION.**

That in the year 1817, and annually in every subsequent year, there be appropriated the sum of 200,000 dollars in addition to the sum of 8,000,000 of dollars now annually appropriated for the payment of the interest and principal of the public debt; that the payment of this additional sum be made out of the proceeds of the revenue derived from the customs, the sales of public lands, and the internal duties, or from either of them; available after the payment of the sums for which they are now respectively pledged or appropriated; and that the said additional sum of 2,000,000 of dollars annually, be payable to the commissioners of the sinking fund, to be applied by them in the same manner as the moneys which they are now entitled by law to receive; that is to say: first, To the payment of the interest on the public funded debt; 2d, to the reimbursement of the principal, from time to time, as the same, or any portion of it, shall become reimbursable, according to the terms of the contracts by which it has been created; 3dly, after having answered these purposes, if there shall remain a surplus at their disposal, to the purchase of such parts of the funded public debt as shall appear to them to be most for the advantage of the United States, in the manner prescribed by law & at a rate not exceeding the par value. 3dly. *Propositions relating to the national circulating medium.*

The delicacy of this subject is only equalled by

its importance. In presenting it, therefore, to the consideration of congress, there is occasion for an implicit reliance upon the legislative indulgence.

By the constitution of the United States, congress is expressly vested with the power to coin money, to regulate the value of the domestic and foreign coins in circulation, and (as a necessary implication from positive provisions) to emit bills of credit; while it is declared by the same instrument, that "no state shall coin money or emit bills of credit." Under this constitutional authority, the money of the United States has been established by law, consisting of coins made with gold, silver, and copper. All foreign gold and silver coins, at specified rates, were placed, in the first instance, upon the same footing with the coins of the United States, but they ceased, (with the exception of Spanish milled dollars, and parts of such dollars,) to be a legal tender for the payment of debts and demands, in the year 1809.

The constitutional authority to emit bills of credit, has also been exercised in a qualified and limited manner. During the existence of the bank of the United States, the bills or notes of the corporation were declared, by law, to be receivable in all payments to the United States; and the treasury notes which have been since issued for the services of the late war, have been endowed with the same quality. But congress has never recognised by law the notes of any other corporation; nor has it ever authorised an issue of bills of credit to serve as a legal currency. The acceptance of the notes of banks which are not established by the federal authority, in payments to the United States, has been properly left to the vigilance and discretion of the executive department; while the circulation of the treasury notes employed either to borrow money or to discharge debts, depends entirely (as it ought to depend) upon the option of the lenders and creditors to receive them.

The constitutional and legal foundation of the monetary system of the United States is thus distinctly seen; and the power of the federal government to institute and regulate it, whether the circulating medium consists of coin or of bills of credit, must in its general policy, as well as the terms of its investment, be deemed an exclusive power. It is true that a system depending upon the agency of the precious metals, will be affected by the various circumstances which diminish their quantity or deteriorate their quality. The coin of a state sometimes vanishes under the influence of political alarms; sometimes in consequence of the explosion of mercantile speculations, and sometimes by the drain of an unfavorable course of trade. But whenever the emergency occurs that demands a change of system, it seems necessarily to follow, that the authority which was alone competent to establish the national coin, is alone competent to create a national substitute. It has happened, however, that the coin of the United States has ceased to be the circulating medium of exchange; and that no substitute has hitherto been provided by the national authority. During the last year, the principal banks established south and west of New-England, resolved that they would no longer issue coin in payment of their notes, or of the drafts of their customers, for money received upon deposit. In this act, the government of the United States had no participation; and yet the immediate effect of the act was to supersede the only legal currency of the nation. By this act, although no state can

constitutionally emit bills of credit, corporations erected by the several states have been enabled to circulate a paper medium subject to many of the practical inconveniences of the prohibited bills of credit.

It is not intended, upon this occasion, to condemn, generally the suspension of specie payments, for appearances indicated an approaching crisis which would probably have imposed it as a measure of necessity, if it had not been adopted as a measure of precaution. But the danger which originally induced and perhaps justified the conduct of the banks, has passed away; and the continuance of the suspension of specie payments must be ascribed to a new series of causes. The public credit and resources are no longer impaired by the doubts and agitations excited during the war; by the practices of the enemy; or by the inroads of an illicit commerce; yet the resumption of specie payments is still prevented, either by the reduced state of the national stock of the precious metals; or by the apprehension of a further reduction to meet the balances of a foreign trade; or by the redundant issues of bank paper. The probable direction and duration of the latter causes constitute, therefore, the existing subject for deliberation. While they continue to operate singly or combined, the authority of the states individually, or the agents of the state institutions, cannot afford a remedy commensurate with the evil; and a recurrence to the national authority is indispensable, for the restoration of a national currency.

In the selection of the means for the accomplishment of this important object, it may be asked—  
1st. Whether it be practicable to renew the circulation of the gold and silver coins? 2dly. Whether the state banks can be successfully employed to furnish an uniform currency? 3dly. Whether a national bank can be employed more advantageously than the state banks for the same purpose? And 4thly. Whether the government can itself supply and maintain a proper medium of exchange, of permanent and uniform value, throughout the U. States.

1st. As the United States do not possess mines of gold or silver, the supplies of those materials must, in a time of scarcity, be derived from foreign commerce. If the balance of foreign commerce be unfavorable the supply will not be obtained incidentally, as in the case of the returns for a surplus of American exports, but must be the object of a direct purchase. The purchase of bullion, is however, a common operation of commerce, and depends like other operations, upon the inducement to import the article.

The inducements to import bullion arise, as in other cases, from its being cheap abroad, or from its being dear at home. Notwithstanding the commotions in South America, as well as in Europe, there is no reason to believe, that the quantity of the precious metals is now, more than at any former period, insufficient for the demand throughout the commercial and civilized world. The price may be higher in some countries than in others; and it may be different in the same country at different times; but generally the European stock of gold & silver has been abundant, even during the protracted war which has afflicted the nations of Europe.

The purchase of bullion, in foreign markets upon reasonable terms, is then deemed practicable; nor can its importation into the United States fail eventually to be profitable. The actual price of gold and silver in the American market would in itself

afford for some time an ample premium; although the fall in the price must of course be proportionable to the increase of the quantity. But it is within the scope of a wise policy to create additional demands for coin, and in that way to multiply the inducements to import and retain the metals of which it is composed. For instance, the excessive issue of bank paper has usurped the place of the national money; and under such circumstances gold and silver will always be treated as an article of merchandise; but it is hoped that the issue of bank paper will soon be reduced to its just share in the circulating medium of the country; and consequently that the coin of the U. States will resume its legitimate capacity and character. Again, the treasury, yielding from necessity to the general impulse, has hitherto consented to receive bank paper in payment of duties and taxes; but the period approaches when it will probably become a duty to exact the payment either in treasury notes or in gold or silver coin of the U. States. Again, the institutions which shall be deemed proper in order to remove existing inconveniences, and to restore the national currency, may be so organized, as to engage the interests and enterprise of individuals in providing the means to establish them. And finally, such regulations may be imposed upon the exportation of gold and silver, as will serve in future to fix and retain the quantity required for domestic uses.

But it is further believed, that the national stock of the precious metals is not so reduced as to render the operation of reinstating their agency in the national currency either difficult or protracted. The quantity actually possessed by the country is considerable; and the resuscitation of public confidence in bank paper, or in other substitutes for coins seems alone to be wanting to render it equal to the accustomed contribution for a circulating medium. In other countries as well as in the U. States, the effect of an excessive issue of paper money to banish the precious metals has been seen, and under circumstances much more disadvantageous than the present; the effect of public confidence in national institutions, to recall the precious metals to their uses in exchange, has also been experienced. Even, however, if it were practicable, it has sometimes been questioned, whether it would be politic again to employ gold and silver for the purpose of a national currency. It was long and universally supposed, that to maintain a paper medium without depreciation, the certainty of being able to convert it into coin was indispensable; nor can the experience which has given rise to a contrary doctrine be deemed complete or conclusive. But whatever may be the issue of that experiment elsewhere, a difference in the structure of the government, in the physical as well as the political situation of the country, and in the various departments of industry, seems to deprive it of any important influence as a precedent for the imitation of the U. States.

In offering these general remarks to the consideration of congress, it is not intended to convey an opinion that the circulation of gold and silver coins can at once be renewed. Upon motives of public convenience, the gradual attainment of that object is alone contemplated; but a strong though respectful solicitude is felt, that the measures adopted by the legislature should invariably tend to its attainment.

2d. Of the services rendered to the government by some of the state banks during the late war; and of the liberality by which some of them are actuated in their intercourse with the treasury; justice requires an explicit acknowledgement. It is a fact,

however, incontestably proved, that those institutions cannot at this time be successfully employed to furnish an uniform national currency. The failure of one attempt to associate them with that view has already been stated. Another attempt, by their agency in circulating treasury notes, to overcome the inequalities of the exchange, has only been partially successful. And a plan recently proposed, with the design to curtail the issue of bank notes, to fix the public confidence in the administration of the affairs of the banks, and to give each bank a legitimate share in the circulation, is not likely to receive the sanction of the banks. The truth is, that the charter restrictions of some of the banks; the mutual relation and dependence of the banks of the same state, and even of the banks of different states; and the duty which the directors of each bank conceive that they owe to their immediate constituents upon points of security or emolument; interpose an insuperable obstacle to any voluntary arrangement, upon national considerations alone, for the establishment of a national medium through the agency of the state banks. It is, nevertheless, with the state banks that the measures for restoring the national currency of gold and silver must originate; for until their issues of paper be reduced; their specie capitals reinstated; and their specie operations be commenced; there will be neither room, nor employment, nor safety for the introduction of the precious metals. The policy & interest of the state banks must therefore be engaged on the great fiscal work, by all the means which the treasury can employ, or the legislative wisdom provide.

3d. The establishment of a national bank is regarded as the best and perhaps the only adequate resource to relieve the country and the government from the present embarrassments. Authorised to issue notes which will be received in all payments to the United States; the circulation of its issues will be co-extensive with the union; and then will exist a constant demand, bearing a just proportion to the annual amount of the duties and taxes to be collected, independent of the general circulation for commercial and social purposes. A national bank will therefore possess the means and the opportunity of supplying a circulating medium of equal use and value in every state, and in every district of every state. Established by the authority of the government of the United States; accredited by the government to the whole amount of its notes in circulation; and trusted as the repository of the government with all the accumulations of the public treasure; the national bank independent of its immediate capital, will enjoy every recommendation which can merit and secure the confidence of the public. Organized upon principles of responsibility, but of independence, the national bank will be retained within its legitimate sphere of action without just apprehension from the misconduct of its directors or from the encroachments of the government. Eminent in its resources, and in its example, the national bank will conciliate, aid, and lead the state banks in all that is necessary for the restoration of credit, public and private. And, acting upon a compound capital, partly of stock and partly of gold and silver, the national bank will be the ready instrument to enhance the value of the public securities and to restore the currency of the national coin.

The powers of the government to supply and maintain a medium of exchange will not be questioned; but for the introduction of that medium there must be an adequate motive. The same motive for issuing treasury notes has hitherto been to raise money in anticipation of the revenue. The revenue, however, will probably become in the course of the year 1816, and continue afterwards sufficient to discharge all the debts and to defray all the expenses of the government, and consequently there will exist no motive to issue the paper of the government as an instrument of credit.

It will be deemed an adequate object for an issue of the paper of the government, merely that it may be exchanged for the paper of the banks, since the treasury will be abundantly supplied with bank paper by the collection of the revenue, and the government cannot be expected to render itself a general debtor, in order to become the special creditor of the state banks.

The co-operation of the government with the national banks, in the introduction of a national currency may however be advantageously employed by issues of treasury notes as long as they shall be required for the public service.

Upon the whole, the state of the national currency and other important considerations connected with the operations of the treasury, render it a duty respectfully to propose,

That a national bank be established at the city of Philadelphia, having power to erect branches elsewhere and that the capital of the bank (being of a competent amount) consist of three fourths of the public stock, and one fourth of gold and silver.

All which is respectfully submitted

A. J. DALLAS, *Secretary of the Treasury.*  
Treasury Department, 6th December 1815.